



Patrick W. Henning, Director
November 10, 2009
22M:388:TLA:1004



Arnold Schwarzenegger
Governor

Mr. Robert Martin, Workforce Investment Board Director
Mother Lode Consortium
19890 Cedar Rd. North
Sonora, CA 95370

Dear Mr. Martin:

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)
SUMMER YOUTH PROGRAM
FINAL MONITORING REPORT
PROGRAM YEAR 2009

This is to inform you of the results of our review for Program Year (PY) 2009 monitoring review of the Mother Lode Consortium's (MLC) ARRA Summer Youth Program (SYP). This review was conducted by Mr. TG Akins and Ms. Sean O'Connell from July 20, 2009 through July 23, 2009. Our review consisted of interviews with your staff and a review of the following items: expenditures charged to the ARRA SYP, oversight of your subrecipients, and procurement transactions. In addition, we interviewed service provider staff, SYP participants, and worksite supervisors, and focused on the following areas of your ARRA SYP: eligibility determination, program operations, participant worksites, participant payroll processing, and oversight.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by MLC with applicable federal and state laws, regulations, policies, and directives related to the ARRA grant.

We collected the information for this report through interviews with representatives of MLC, service provider staff, ARRA SYP worksite supervisors, and ARRA SYP participants. In addition, this report includes the results of our review of sampled case files, MLC's response to Section I and II of the ARRA SYP Onsite Monitoring Guide, and a review of applicable policies and procedures for PY 2009.

We received your response to our draft report on September 27, 2009, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed the finding cited in the draft report, no further action is required and we consider the issue resolved.

BACKGROUND

The MLC allocated \$700,000 of their \$792,327 ARRA Youth allocation to serve 188 SYP participants. As of the week of July 23, 2009 MLC expended \$242,434 to serve 103 SYP participants.

ARRA SYP REVIEW RESULTS

While we concluded that, overall, MLC is meeting applicable ARRA requirements, we noted an instance of noncompliance in the area of eligibility. The finding that we identified in this area, our recommendations and MLC's proposed resolution of the finding is specified below.

FINDING 1**Requirement:**

TEGL 14-08 states, in part, that, unless otherwise stated in this guidance, the laws and regulations for WIA Youth funds apply to the Recovery Act funds.

WIAD04-18 states, in part, that the term low-income individual means an individual, who:

- A. Receives, or is a member of a family that receives cash payments under a federal, state, or local income-based public assistance program;
- B. Received an income, or is a member of a family that received a total family income, for the six-month period prior to application for the program involved (exclusive of unemployment compensation, child support payments, public assistance, and old-age and survivors insurance benefits received under Section 202 of the Social Security Act) that, in relation to family size, does not exceed the higher of:
 - 1. The poverty line, for an equivalent period; or
 - 2. Seventy percent of the lower living standard income level, for an equivalent period;
- C. Is a member of a household that receives (or has been determined within the six-month period prior to application for the program involved to be eligible to receive) food stamps;

- D. Qualifies as a homeless individual;
- E. Is a foster child on behalf of whom state or local government payments are made; or
- F. Is an individual with a disability whose own income meets the requirements of a program described in (A) or (B), but who is a member of a family whose income does not meet such requirements.

WIAD08-3 identifies the total family income for each family size in order to determine 70 Percent Lower Living Standard Income Level (LLSIL) and poverty guidelines.

Observation:

During our case file review, we observed two participants were enrolled as low-income because they received food stamps, however both participants only had the front side of the food stamps card copied in the case file. There were no eligibility dates on the card to determine if the participant was receiving, or had received, food stamps in the prior 6 months. We asked MLC to provide us with Notice of Actions (NOA) for both participants to verify food stamps eligibility. On July 29, 2009 we received an NOA for one of the participants and on August, 3, 2009 we received the NOA for the other participant. We consider this portion of the finding closed.

In addition, we found two participants had been enrolled as low-income, but the documentation in the case file was insufficient to make a low-income determination. One participant, from Amador County, had an unemployment statement for the participant's father that was to show that he was unemployed and hadn't worked during the six months prior to the participant's enrollment. However, the unemployment form indicated that the father's unemployment had been reduced for one of the two weeks because he reported wages earned. This means that the participant's father had wages in the six months prior to employment but they weren't taken into account at time of eligibility. We asked the one-stop manager to get an applicant statement about that week and any other wages the participant's father might have earned during the six month period prior to enrollment. On August, 3, 2009 we received a fax with an applicant statement from the participant's father about the week

on the UI form, but it did not have any information about the rest of the six month period.

The second participant's file indicated that the father might have had a second job, but the income verification did not take a second job into account. Also, to verify the mother's wages, a UI statement was in the case file, but there was no other statement to attest that she did not have any wages during the six months prior to enrollment. We asked them to get applicant statements from the participant's parents, but as of the date of this letter we have not received those statements.

Recommendation: We recommended that MLC provide the Compliance Review Office (CRO) with documentation that verifies the total family income for the six months prior to enrollment for the two participants mentioned above.

MLC Response: For the first participant mentioned above, MLC provided a copy of the participant's father's statement attesting that, for the 6 months prior to enrollment, he earned \$3,012 in wages. Additionally, MLC states that they received a copy of the participant's father's pay stub to keep in the file along with his unemployment stub.

For the second participant mentioned above, MLC provided copies of 2 signed statements. The first statement is from the participant's mother attesting that, for the 6 months prior to enrollment, she had only received unemployment benefits and that her husband was the sole support of their family. The second statement is from the participant's father attesting that, for the 6 months prior to enrollment, he only had one job and his total wages for this time period were \$8,450.

State Conclusion: The MLC provided sufficient documentation to resolve this issue. Therefore, we consider this finding closed.

In addition to the finding above, we identified a condition that may become a compliance issue if not addressed. Specifically, we observed that the first timesheet of all the Amador SYP participants was signed prior to the last day of the pay period attesting to working hours that they had not worked yet. During our discussion with Amador, we found that during the first week of the participant's training class, the instructor had told all the participants to pre-sign their timesheets. In our discussion with the one-stop manager, they stated that all the participants had completed the class, which verified the participants' hours worked. We also noted that Tuolumne had participants pre-sign their timesheets. However, those timesheets were signed a day early because of the

4th of July holiday and fiscal staff needed the extra day to ensure that the participants would be paid on time. In addition, there was a verification process in place where the supervisor of the participant had to call in if there were any changes, fax in a copy of the updated timesheet, and then mail the original timesheet to the fiscal office. We found that the process had been used and that the supervisors had followed the process. We suggested that MLC ensure that, in the future, no SYP participants pre-sign their timesheets attesting to hours they have not worked unless there is a compelling business reason and there is a process to verify the hours participants are pre-signing for.

In its response, MLC stated that they will ensure that no SYP participants signs and dates their timesheets attesting to hours they have not worked unless there is a compelling business reason and a process in place to verify the reported hours. The MLC's response adequately addressed our concern.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all the areas included in our review. It is MLC's responsibility to ensure that its systems, programs, and related activities comply with the ARRA grant program, federal and state regulations, and applicable state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain MLC's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact me at (916) 654-1292.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Greg Gibson, MIC 50
Jose Luis Marquez, MIC 50
Daniel Patterson, MIC 45
Roger Schmitt, MIC 50